

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Paw Paw Fire Department
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended February 29, 2004

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INDEPENDENT AUDITORS' REPORT

Members of the Board
Paw Paw Fire Department

We have audited the accompanying general purpose financial statements of the Paw Paw Fire Department as of February 29, 2004, and for the year then ended. These general purpose financial statements are the responsibility of the Fire Department's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed asset account group, which should be included to conform with U.S. generally accepted accounting principles.

In our opinion, except for the effect on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Paw Paw Fire Department as of February 29, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Siegfried Crandall P.C.

May 15, 2005

Paw Paw Fire Department

BALANCE SHEET

February 29, 2004

	<u>Governmental fund type</u>
	<u>Operating Fund</u>
ASSETS	
Cash	\$ 206,819
Due from local units	5,658
Prepaid expenses	<u>2,225</u>
TOTAL ASSETS	<u>\$ 214,702</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES:	
Accounts payable	\$ 14,070
FUND EQUITY:	
Fund balance - undesignated	<u>200,632</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 214,702</u>

See notes to financial statements

Paw Paw Fire Department

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

Year ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Federal grant	\$ 36,275	\$ 36,275	\$ -
Local unit contributions	177,050	177,050	-
Interest	1,200	1,164	(36)
Other	-	3,594	3,594
	<u>214,525</u>	<u>218,083</u>	<u>3,558</u>
Total revenues			
EXPENDITURES:			
Public safety:			
Ready to serve	92,580	90,940	1,640
Fire run charges	19,200	14,769	4,431
	<u>111,780</u>	<u>105,709</u>	<u>6,071</u>
Total public safety			
Capital outlay	105,575	53,199	52,376
	<u>217,355</u>	<u>158,908</u>	<u>58,447</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,830)	59,175	62,005
FUND BALANCE - BEGINNING OF YEAR	141,457	141,457	-
FUND BALANCE - END OF YEAR	\$ 138,627	\$ 200,632	\$ 62,005

See notes to financial statements

Paw Paw Fire Department
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Paw Paw Fire Department (the Fire Department), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments except as to general fixed assets (item "d" below). The following is a summary of the more significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Fire Department. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Fire Department has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Fire Department's financial statements. Also, the Fire Department is not a component unit of any other entity.

Cost of operations and capital expenditures are supported by contributions from the participating municipalities, which currently consists of the Village of Paw Paw and the Townships of Paw Paw, Waverly, Almena, and Antwerp.

b) Basis of presentation:

The accounts of the Fire Department are organized on the basis of a fund which is considered a separate accounting entity. The operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. The fund is described as follows:

Operating Fund - this fund is the general operating fund of the Fire Department. It is used to account for all financial resources except those required to be accounted for in another fund.

c) Basis of accounting:

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements.

The Fire Department prepares its financial statements on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

d) Fixed assets:

The Fire Department has not prepared or maintained a listing of fixed assets as required by generally accepted accounting principles.

Paw Paw Fire Department
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

e) Budgets and budgetary accounting:

The Fire Department follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978), as prescribed by the State of Michigan. The budget for the General Fund is adopted at the functional level and is consistent with generally accepted accounting principles.

NOTE 2 - CASH:

Deposits with financial institutions:

At February 29, 2004, the Fire Department has deposits with a carrying amount of \$206,819 and a bank balance of \$207,432. Of the bank balance, \$105,964 is covered by federal depository insurance and \$101,468 is uninsured.

NOTE 3 - CLAIMS ARISING FROM RISKS OF LOSS:

The Fire Department is exposed to various risks of loss for claims arising from general liability, wrongful acts, professional liability, property damage and destruction, crime, accidents, and injuries. Risks of loss arising from possible claims are managed through the purchase of commercial insurance.

SUPPLEMENTARY INFORMATION

Paw Paw Fire Department**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

Year ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Federal grant - FEMA grant	\$ 36,275	\$ 36,275	\$ -
Local unit contributions:			
Almena Township	29,924	29,924	-
Antwerp Township	19,504	19,504	-
Paw Paw Township	94,771	94,771	-
Waverly Township	32,851	32,851	-
Total local unit contributions	177,050	177,050	-
Interest	1,200	1,164	(36)
Other:			
Contributions	-	270	270
Other	-	3,324	3,324
Total other	-	3,594	3,594
Total revenues	214,525	218,083	3,558
EXPENDITURES:			
Public safety:			
Ready to serve:			
Insurance	24,000	25,636	(1,636)
Rent	12,300	12,700	(400)
Uniforms	11,500	11,730	(230)
Meals	6,062	6,316	(254)
Training	6,000	7,331	(1,331)
Operating supplies	4,100	4,061	39
Utilities	6,500	4,570	1,930
Telephone	3,500	2,875	625
Audit	2,600	2,600	-
Radio maintenance	3,000	1,751	1,249
Office supplies	1,528	1,421	107
Fire safety	2,765	2,762	3
Volunteer benefits	4,738	4,937	(199)
Building maintenance	672	700	(28)
Computer operations	760	527	233
Medical service	900	155	745
Legal service	500	-	500
Postage	400	293	107

Paw Paw Fire Department

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - *Continued***

Year ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (continued):			
Public safety (continued):			
Membership and dues	\$ 255	\$ 255	\$ -
Ladder testing	500	320	180
Total ready to serve	<u>92,580</u>	<u>90,940</u>	<u>1,640</u>
Fire run charges:			
Repairs and maintenance - vehicle	16,700	11,975	4,725
Gas and oil	2,500	2,794	(294)
Total fire run charges	<u>19,200</u>	<u>14,769</u>	<u>4,431</u>
Total public safety	111,780	105,709	6,071
Capital outlay	<u>105,575</u>	<u>53,199</u>	<u>52,376</u>
Total expenditures	<u>217,355</u>	<u>158,908</u>	<u>58,447</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,830)	59,175	62,005
FUND BALANCE - BEGINNING OF YEAR	<u>141,457</u>	<u>141,457</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 138,627</u>	<u>\$ 200,632</u>	<u>\$ 62,005</u>